

## NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/13):** BUTTER: Grade AA closed at \$1.1150. The weekly average for Grade AA is \$1.1083 (+.0100).

**CHEESE:** Barrels closed at \$1.1100 and blocks at \$1.1450. The weekly average for barrels is \$1.1060 (-.0075) and blocks, \$1.1450 (+.0015).

**NONFAT DRY MILK:** Extra Grade closed at \$0.8400 and Grade A at \$0.8400. The weekly average for Extra Grade is \$0.8400 (N.C.) and Grade A, \$0.8400 (N.C.).

**BUTTER:** CME and commercial butter prices continue to adjust within a narrow range. Many producers and handlers don't see much justification for prices to move out of this cycle anytime soon as long as government programs and production/sales trends remain steady. Cream supplies are more competitive across the country. Summer temperatures are heating up, stimulating ice cream sales and subsequent heavier production schedules. Churning schedules remain seasonally strong, although lighter surplus cream offerings often have butter producers looking for additional volumes to maintain full production schedules. Stocks of butter remain heavier than last year at this time, although lighter churning schedules and steady demand are not allowing as much butter to clear to inventory as in past weeks. Overall butter demand is seasonally fair. Food service and restaurant orders are generally improved as the summer vacation season arrives, but some buyers report that the economy is negatively impacting the restaurant and vacation trade. Under the recent DEIP allocation of 5000 MT of butterfat, all of the allocation has now been filled with anhydrous milk fat at bonuses ranging \$1965 - 1990 per MT. All of the anhydrous milk fat will be shipped into the Caribbean, Central and South American markets.

**CHEESE:** The cheese market is fairly steady, though with a firm undertone. Less than ideal weather and economic issues still seem to be affecting cheese demand. Promotional activity is aiding movement in some markets. Some buyers are trying to build inventory. Other buyers have been seeking alternative sources for varieties produced in Midwestern plants scheduled to close. Cheese production is declining seasonally. Extra milk volumes diverted from bottlers to manufacturing plants as schools close for the summer, do not seem as heavy as expected.

**FLUID MILK:** Milk production has been moving lower across most of the United States. Trade sources are somewhat surprised that areas of the Southwest and California are seeing milk output at levels slightly lower than last year at this time. Conditions are better after the recent hot weather, but the milk cows have not responded. Poor forage and hot weather have also impacted the milk flow in the Northwest. Output is steady in Idaho and Utah. Across the upper Midwest, milk production is falling from the seasonal peak. Surplus milk volumes are tighter and premiums are higher. Fat and protein tests are lower on incoming milk. The Northeast is seeing milk output steady to lower. Heat and humidity are taking their toll on cows in Florida and the Gulf States. The cream market has tightened over the past week. Cream is moving from the West Coast to the East to supplement needs. Additional cream demand is noted from ice cream producers in the country.

**DRY PRODUCTS:** Nonfat dry milk prices are slightly changed in all regions. There continues to be active and heavy clearances to the CCC under

the price support program. Supplies are ample in all regions and buyers are looking for bargains. Buyers are also being offered "pudding powder", the NDM that the CCC exchanged for pudding contracts, in the low to mid 70 cents range. Supplies of high heat NDM are often short of the light trade demand. Dry buttermilk prices are holding steady. Demand is light with supplies available. Dry whey prices are steady to slightly higher. Offering prices are being increased and some buyers are looking at this as a good buying price and opportunity. Whey protein concentrate prices continue lower as supplies of 34% WPC are long, offerings of 80% WPC are in surplus, and demand is steady to improving. Lactose prices are unchanged, but the market tone is firmer. Some contract prices have been established at levels a half cent higher than for the second quarter. Stocks are in balance.

**CCC:** For the week of June 9 - 13, CCC purchased 123,120 pounds of packaged butter from the West and 1,465,200 pounds of process cheese from the Central region. CCC also purchased 12,680,252 pounds of NDM; 1,201,987 from the Central region, 10,113,619 from the West, and 1,364,646 pounds from the East.

**MARCH MAILBOX PRICES (AMS & CDFA):** Mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.74 per cwt., \$0.45 less than the figure for the previous month. This month-to-month decrease results from generally lower Federal milk order minimum producer milk component prices and tests. The current mailbox price all area average is the lowest price since this data series began in January 1995. The component tests of producer milk in March 2003 were: butterfat, 3.71%; protein, 3.02%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$13.56 in Florida to \$9.55 in Utah. In March 2002, the Federal milk order all-area average mailbox price was \$12.39, \$1.65 higher.

**JUNE MILK SUPPLY AND DEMAND ESTIMATES (WASDE):** Dairy forecasts for 2002/03 are little changed from last month. Cheese prices have shown some signs of recovery and Class III prices for 2002/03 are raised from last month. Class III prices are forecast at \$9.75-\$9.95 and Class IV prices are unchanged from last month's \$9.90-\$10.20. The average all milk price is forecast slightly higher at \$11.25-\$11.45. Production and price forecasts for 2003/04 are unchanged from last month.

**APRIL FLUID MILK SALES (AMS & CDFA):** During April, about 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9% lower than April 2002. After adjusting for calendar composition, sales in April 2003 were 0.3% higher than April 2002. Year through April total fluid milk products sales are up 0.7% from the same period in 2002. On an individual product basis, after adjusting for calendar composition, April 2003 sales of whole milk, flavored whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from April 2002, while sales of fat-free (skim) milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a negative impact on the change in sales from April 2003 compared to April 2002.

\*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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CHICAGO MERCANTILE EXCHANGE  
CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 9	TUESDAY JUNE 10	WEDNESDAY JUNE 11	THURSDAY JUNE 12	FRIDAY JUNE 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1050 (-.0250)	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.1100 (+.0050)	-.0020	\$1.1060 (-.0075)
40# BLOCKS	\$1.1450 (-.0150)	\$1.1450 (N.C.)	\$1.1450 (N.C.)	\$1.1450 (N.C.)	\$1.1450 (N.C.)	-.0150	\$1.1450 (+.0015)
BUTTER							
GRADE AA	\$1.1000 (+.0025)	----	\$1.1100 (+.0100)	----	\$1.1150 (+.0050)	+.0175	\$1.1083 (+.0100)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$ .8400 and Grade A price is \$ .8400. NDM information remains available at the above internet address.)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, JUNE 9, 2003

CHEESE — SALES: 3 CARS BARRELS: 1 @ \$1.1300, 1 @ \$1.1225, 1 @ \$1.1050; 2 CARS 40# BLOCKS: 1 @ \$1.1600, 1 @ \$1.1450; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 1 CAR @ \$1.1000; BIDS UNFILLED: 7 CARS: 3 @ \$1.1000, 2 @ \$1.0975, 2 @ \$1.0950; OFFERS UNCOVERED: 2 CARS @ \$1.1050

TUESDAY, JUNE 10, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 11, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 16 CARS: 2 @ \$1.1075, 1 @ \$1.1050, 2 @ \$1.1075, 2 @ \$1.1100, 3 @ \$1.1075, 4 @ \$1.1100, 1 @ \$1.1125, 1 @ \$1.1100; BIDS UNFILLED: 20 CARS: 1 @ \$1.1100, 2 @ \$1.1075, 5 @ \$1.1050, 3 @ \$1.1025, 7 @ \$1.1000, 1 @ \$1.0975, 1 @ \$1.0950; OFFERS UNCOVERED: NONE

THURSDAY, JUNE 12, 2003

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1425; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1450; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 13, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1100; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 7 CARS @ \$1.1150; BIDS UNFILLED: 12 CARS: 3 @ \$1.1150, 3 @ \$1.1125, 2 @ \$1.1100, 2 @ \$1.1075, 2 @ \$1.1050; OFFERS UNCOVERED: NONE

**BUTTER MARKETS**

**NORTHEAST**

The butter market tone remains steady. At the CME, the price of butter fell fractionally during two of the three sessions last week, but rebounded a quarter cent to \$1.1000 during the June 9 session. Cream volumes in the East have been tight for the past two weeks and less excess is clearing to local and Midwest churns. This decrease in churning activity is doing little to the supply/demand picture since storage volumes are well above year ago levels. Demand for packaged butter is just fair. Interest in bulk is mixed, mostly slow, but recent trading at the CME does show that most sales were based on bids. Retail sales are just fair and food service orders are improving along seasonal patterns. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

**CENTRAL**

At mid-week, the CME cash butter price of \$1.1100 is the highest it has been since January 6. Producers and handlers have mixed market tone opinions, although many indicate that a firm tone is at hand. Churning activity remains seasonally strong, although surplus cream offerings have tightened and often butter producers are looking for additional volumes to maintain full churning schedules. Stocks of butter remain heavier than last year at this time, although lighter churning schedules and steady demand are not allowing as much butter to clear to inventory as in past weeks. Overall butter demand is seasonally steady at fair levels. Most orders are being placed for short term needs. Buyers indicate that they will basically continue to place these types of orders as long as the cash price remains in a narrow range of the current price. Some

retail orders are being stimulated by scattered feature activity while food service orders are seasonally fair as restaurants and food service establishments address the summer vacation season. Under the recent DEIP allocation of 5000 mt of butterfat, all of the allocation has now been filled with anhydrous milk fat at bonuses ranging \$1965 – 1990 per mt. All of the anhydrous milk fat will be shipped into the Caribbean, Central and South American markets. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

**WEST**

Fractional price moves up and down within a narrow range continue to be the rule. Contacts don't see much justification for prices to move out of this cycle anytime soon. Cream supplies are less available and the record setting heat over much of the region over the past few weeks is finally spurring additional interest from ice cream operations. Retail butter sales are steady with food service orders improving at some locations as the summer vacation season arrives. Others report that the economy is negatively impacting the restaurant and vacation trade. Stocks of butter are readily available. Weekly butter stocks in CME approved warehouses have declined for the first time in 25 weeks. They now stand at 195.2 million pounds compared to 144.1 last year at the same time. Stocks this year have increased by 105.9 million pounds since the first of the year compared to 124.7 million pounds for the comparable period last year. Current prices for bulk butter range from 4 cents under to 2 1/2 cents under the market based on the CME with various time frames and averages (includes CCC sales when applicable).

**NASS DAIRY PRODUCT PRICES**

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JUNE 7	1.1260 9,748,589	1.1110 11,874,396	0.8047 29,123,597	1.0798 3,927,930	0.1380 14,633,505

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

**CHEESE MARKETS**

**NORTHEAST**

Prices are generally higher following last week's trading at the CME. However, CME prices did fall modestly during Monday's (6/9) trading. The market tone was showing a little strength prior to Monday's change and contacts wonder if the current price levels can be maintained. Production levels in the Northeast are steady at moderate to heavy levels as the surplus is expected to be available in the next few weeks as schools close for the summer. Demand for cheese is fair at best. Some improved orders are expected in vacation/resort areas, but retail sales are only fair despite the June Dairy Month promotions.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2050-1.7000
Cheddar Single Daisies	:	1.1625-1.6275
Cheddar 40# Block	:	1.2850-1.5275
Process 5# Loaf	:	1.3225-1.5250
Process 5# Sliced	:	1.3425-1.5900
Muenster	:	1.3675-1.5725
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is steady, though with a firm undertone. Some long time traders feel that prices are poised to break out of the current trading range, depending on the proposed "C.W.T." program and new milk production estimates. Current offerings seem to be close to in balance. Plant operators are holding uncommitted product with more confidence. Process cheese interest continues to improve though still seems to lag normal levels. The announced closing of several upper Midwest cheese plants has boosted demand for some varieties produced at competing plants. Others are finding buyers are trying to build bulk cheese inventory in anticipation of price strength. Cheese yields continue to dip seasonally. Plant patron milk intakes have peaked (or are at the peak) in the upper Midwest. Some extra milk volumes are available from bottlers with "closed for the summer" school accounts.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2925-1.4600
Brick And/Or Muenster 5#	:	1.5100-1.8025
Cheddar 40# Block	:	1.4000-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.8950-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4400-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9500-2.6850

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
		:	
06/09/03	100,455	:	137,831
06/01/03	99,421	:	135,729
CHANGE	1,034	:	2,102
% CHANGE	1	:	2

**WEST**

Natural and process prices increased slightly and Swiss prices held steady. The increase in prices at the CME last week did lead to some additional buying interest as end users thought the market may be poised for further increases. This week prices retreated again and demand returned to steady levels. Current block cheese availability remains spotty with some plants continuing to be behind on shipments. Barrels are more available with under grade cheese clearing well. Swiss sales are about steady, but stock levels are generally ahead of year ago levels. Mozzarella stocks are large with more coming out of the freezer at this time. Inventories of cheese, in general, are less than noted about a month ago. Production levels remain quite heavy, but heat in more parts of the region is slowing the flow of milk.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2625-1.5225
Cheddar 40# Block	:	1.2725-1.4125
Cheddar 10# Cuts	:	1.4525-1.6725
Monterey Jack 10#	:	1.4625-1.6225
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.3700

**FOREIGN**

Prices are mixed, mostly higher on domestic styles; steady, up, and down on imported. The market tone is slower as we enter the traditionally slow time of year for table cheeses. Supplies are generally adequate to cover current needs, but the relatively weak dollar continues to influence importers' ordering strategies.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:		
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-3.7200*	1.5000-2.9900*
Gorgonzola	:	3.6900-5.9400	2.0175-2.4900*
Parmesan (Italy)	:	TFEWR	2.9100-3.0000*
Romano (Italy)	:	2.1000-3.1500*	-0-
Provolone (Italy)	:	3.4400-5.5000	1.5075-1.7350*
Romano (Cows Milk)	:	-0-	2.6975-4.8700*
Sardo Romano (Argentine)	:	2.8500-3.2900	-0-
Reggianito (Argentine)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.7500-3.7900	-0-
Swiss Cuts Switzerland	:	-0-	2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	-0-
Swiss Cuts Austrian	:	TFEWR	-0-
Edam	:		
2 Pound	:	TFEWR	-0-
4 Pound	:	2.1900-2.9900	-0-
Gouda, Large	:	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:		
10 Ounce	:	27.8000-31.7000	-0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	153	0	211	0	63
SOUTHEAST STATES	0	0	0	0	0	0

**EDITOR'S NOTE:** Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

Milk production is easing additionally in the Southeast, while ranging steady to lower in the Northeast. Heat and humidity are taking their toll on the cows in Florida and other Gulf Coast States and handlers report lighter weights on farm-route trucks. Florida handlers note that exports to manufacturing are down this week, but may rebound next week when retail features conclude. Rain continues to fall across parts of New York and New England. This is delaying some field work and haying. Contacts report that incoming milk volumes are easing from peak levels and that fat and protein tests are slipping. This is typical for this time of year when quality hay and other feed supplies tighten. Also, there have been reports that the low price for milk has forced some farmers to alter their feeding practices, particularly in regard to supplements. Schools in the Northeast are closing this week or next and bottlers expect order to drop off significantly late this week. This should/could push more milk into manufacturing. There is ample capacity to handle any extra milk in the region. The condensed skim market is little changed. Spot demand and prices are unchanged. Offerings range from fully adequate to ample. The fluid cream market has firmed considerably in the past few weeks. Contacts report that supplies have tightened and demand has improved. Offerings are tight and some reports note that West Coast cream is starting to be shipped across the country. Spot prices have moved significantly higher. With the CME butter price holding as steady as it has been, suppliers are adjusting multiples to reflect the tightness of supply and increased demand. Suppliers and producers are getting more calls looking for cream. This is at a time when they also are looking for loads to supplement their short supply. There was a report from one supplier that skim milk demand was off this week and this did affect the volumes of cream they had to offer. With schools winding down cream availability from standardization will decrease, but these volumes may be offset by more milk moving through separators at butter/powder plants. Bottled cream sales are improving seasonally. Ice cream production is picking up. However, the relatively cool, rainy weather is hurting consumption. Soft serve mix sales are fair. Cream cheese output is about steady and some of the large producers are actively out looking for additional loads of cream. Churning activity is often lighter as some butter makers are selling their own cream at current market prices.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4058-1.5486
DELIVERED EQUIVALENT ATLANTA	-	1.4058-1.5596 M 1.4607-1.5376
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4498-1.4827

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8500-.9300
NORTHEAST- CLASS III - SPOT PRICES	- .7400-.8200

## M I D W E S T

Class I demand is slower though generally has been holding up better than expected, especially where schools have already closed for the summer. Most of the remaining schools finish their year this week. Surplus milk supplies in the upper tier of states are surprisingly light and quickly absorbed by a few bottlers and manufacturing plants. Some current manufacturing milk demand is going unsatisfied as plants with milk seem to be reluctant to part with it. Reported spot manufacturing milk prices range from +\$.25 to +\$.75 over class delivered. Cream supplies have tightened dramatically and supplies headed to churns are down sharply. Some ice cream producers are again pulling cream from other parts of the country, including the West, to help fill orders. Other buyers are just seeing cream multiples rise. Condensed skim interest remains good. Most, if not all, plant operators have seen milk intakes decline slightly in recent week(s), reflecting that the annual peak has occurred. Fat and protein tests on incoming milk loads are

steady to lower seasonally. Wet fields have hampered field work including trying to start/finish the first cutting hay/haylage among others. Grass growth is good though the insect pests are a bumper crop. Corn and soybean emergence and often stands have been uneven due to the often cool and wet conditions in the upper tier of states. Many areas continue to lag normal in growing season heat units. A number of milk producers and other interested parties attended the informational meetings held around Wisconsin and northern Illinois this week and last to explain the proposed "C.W.T." milk production reduction program. Cumulative 2003 U.S. dairy cow slaughter under federal inspection totals 1,222,200 head through May 31, up 154,600 (14.5%) from the same period in 2002 and up 69,400 (6.0%) from the same period in 2001.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 42.00- 45.50	\$ 37.00- 43.00
REPLACEMENT HEIFER CALVES	\$350.00-500.00	\$500.00-640.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.00- 50.00	\$ 34.50- 43.50

## W E S T

The July 2003 Class 1 prices in CALIFORNIA range from \$11.76 in the north to \$12.03 in the south. The statewide average Class 1 price based on production is \$11.81. The average is \$0.03 lower than June 2003 and \$0.76 below July 2002. CALIFORNIA milk production is being impacted by the adverse weather of a few weeks ago. Some contacts are stating milk intakes are slightly lower than year ago levels. Milk is moving between regions in the state to fill fluid orders and to keep other plants in milk. The downturn in milk is surprising to some contacts. The decline could have several sources: low milk prices; producers feeding lower cost rations; or the poorer quality of the first cutting of alfalfa due to wet harvesting conditions. In the south, milk intakes and tests are lower. Additionally, bottled milk demand is higher. Less milk is available for cheese plants and milk was being brought in from the north. Current temperatures are cooler, but cows are not responding. In the Central Valley, milk production is also trending lower and milk is being moved south. Production plants are not running as full as in recent weeks. In the northern producing areas, milk intakes have not been as good as expected. Levels there are even lower than last year following recent wet condition. There may be time yet to see local increases. ARIZONA milk production is also under pressure from both the weather and low milk prices. Reports are that milk production is just steady or slightly lower than last year. Manufacturing plants are reducing schedules with less milk available. Shipments to nearby states are also lower. The CME Grade AA butter price increased to \$1.1100 on Wednesday (6/11). Demand for CREAM has increased very noticeably over the last week. Buyers in the Midwest and East are more active buyers in the region and taking any loads available. In-region ice cream demand has increased and the thought is that many out of region loads are going to ice cream also. Western cream multiples moved higher and range from 118 to 128, FOB, depending on class usage. A combination of record setting heat and poor forage quality has taken the seasonal peak off milk production in the western parts of the PACIFIC NORTHWEST. Some rebound in output has occurred because of cooler weather, but a full recovery is not expected this late in the production cycle. Milk output in the eastern portions of the region was not as adversely impacted. The harvesting of the first crop of hay on the east side has gone well. Yields and quality have both been rated as good. Prices seem to be down slightly from the first cutting prices noted last year. Heifer prices at a major monthly sale in WASHINGTON are from \$100-200 lower than a month earlier. Quality levels seem to be comparable. Comments related to the sale indicated that buyers for dairies just don't have the money to work with because of the low milk prices and they are putting a top limit on what they will pay. Heat stress was not as much of a problem in UTAH and IDAHO on milk production. Output is about steady and most manufacturing plants indicate that there is plenty of milk available for processing in the region. Good quality new crop hay is readily available in the region. Prices are lower for top quality hay going into the dairies. They are bidding lower than last year because of the poor economic times and are generally able to acquire needed stocks at lower prices than last year. Prices for heifers are holding at levels that are near the high end of prices reported in the last few months.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to higher on a mostly steady market. Increased sales of condensed skim at some locations are reducing production of NDM. Some plants are beginning to store stocks in order to satisfy contractual commitments later in the summer when milk supplies are anticipated to be lower. Most movement is occurring on contracts. Spot interest is best on high heat NDM. Supplies of high heat are short of buyer interest. Concerns continue to be expressed regarding released CCC NDM from pudding, cheese or drought relief programs that may be impacting commercial sales of NDM currently or in the month of July. Off grade is available and difficult to clear into feed accounts as other dairy protein sources are more attractively priced.

EAST: Eastern prices are mostly steady and the market tone is unchanged. Production levels are steady to lighter as surplus milk volumes are easing from peak levels. However, most Northeastern schools will be recessing this week or next, which temporarily pushes more milk into manufacturing channels. Demand for NDM is mostly steady, but spot buyers continue to look for bargains and make purchases for replacement volumes. There are continued reports of CCC-rejected, Extra Grade NDM being offered at discounted prices. Also, there are comments about all the NDM on the market that stemmed from or will come from CCC programs that "trade" skim powder for cheese or other products they purchase. Clearances to CCC continue to range from moderate to heavy.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8000 - .8700 MOSTLY: .8000 - .8400  
 HIGHHEAT: .8600 - .9250

**NONFAT DRY MILK - WEST**

Western low/medium heat NDM prices are steady. The market tone remains weak with clearances to the CCC used to keep stocks current. Production levels are trending lower as milk intakes are lessening and the call for other class items is higher. Additionally, sales of condensed skim are better. Powder demand is light and remains consistent. Buyers are being offered "pudding powder", the NDM that CCC exchanged for pudding contract, at pricing levels in the low to mid 70 cents range. Any transactions of this powder are considered resale and will not be included in the Western NDM series. Contacts are concerned that competition with this powder could cause lower prices for their older or slightly off-spec powder. During the week of June 2 - 6, CCC net purchases totaled 8.0 million pounds of NDM from Western producers. High heat prices are higher in a tight range. Buying interest is fair to good seasonally. Production levels are steady to lower and often adjusted around orders. Stocks are adequate for contract and spot trade needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .7900 - .8875 MOSTLY: .7950 - .8075  
 HIGHHEAT: .8200 - .8500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 6	\$.8011	15,440,791	6,729,454
May 30	\$.8007	13,165,746	7,082,972

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are mixed on a generally steady market. Dry buttermilk production is lower in response to increased movement of condensed buttermilk into ice cream facilities. As a result, stocks are in better balance at some locations and higher prices are reported. However, at other locations, stocks remain long and prices are reported lower in order to clear excess stocks. In general, demand remains light.

F.O.B. CENTRAL: .6700 - .6900

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Eastern prices are nominal. Contacts note that churning activity is slowing as seasonal demand for Class II cream starts to improve. The improved demand generally means less excess cream is clearing to butter plants. Producers are finding little spot interest for their powder. Contract sales and condensed buttermilk sales are keeping drying levels relatively light. Plant stocks range from adequate to fully adequate.

F.O.B. NORTHEAST: .6800 - .7000  
 DELVDSOUTHEAST: .7000 - .7550

**DRY BUTTERMILK - WEST**

The dry buttermilk market in the West is steady to weak with prices not changed or tested. The limited spot trading has prices near nominal levels. The expectation of increased market activity is not apparent. Sellers are finding little additional interest beyond their contract sales. Drying schedules are easing as less cream is entering churns. Stocks are ample to long and able to service current and future needs.

F.O.B. WEST: .6500 - .7300 MOSTLY: .6700 - .6800

**DRY WHOLE MILK - NATIONAL**

Prices are steady and remain nominal. The market tone is little changed from past weeks. Production levels are easing as milk supplies decline from their seasonal peak in many parts of the country. Also, producers are often shifting back to making dry whole milk only to fill orders. Plant stocks are balanced.

F.O.B. PRODUCING PLANT: 1.0325 - 1.1500

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2002 THROUGH JUNE 6, 2003  
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	68,201	MT (150,355,592 LBS)
Program's NDM allocation is filled.			
CHEESE	-	3,029	MT (6,677,733 LBS)
BUTTERFAT	-	6,875	MT (15,156,625 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. This program-year's allocations have been announced in stages. The third stage was announced on February 25, 2003, and makes available 25,575 MT of NDM, 1,136 MT of cheese, and 5,000 MT of butterfat. This announcement fills the NDM and cheese allocations for this DEIP-year. On May 19, USDA issued invitation for another 5,000 MT of butterfat.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on a mostly steady market. Stocks are mixed. Some plants are in good balance while others have loads to clear. Irrespective of inventories, manufacturers are generally offering at the average or higher. Brokers and jobbers are taking interest in purchasing whey in speculation of firmer markets as the summer progresses. However, purchases made at the beginning of the year on this same premonition have some traders cautiously observing the market until higher prices are affirmed. Production is steady. Spot end-user interest is light with most movement occurring on a contractual basis.

F.O.B. CENTRAL: .1300 - .1450 MOSTLY: .1350 - .1400

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to fractionally lower and the market tone remains weak. However, there are more signs that the downward trend in prices may be coming to an end. Fewer instances of price discounting are noted in the East, but most producers do base their prices on the Central prices, which did ease lower last week. Some traders are showing more interest in acquiring additional loads as they see little downside risk. Most feel that prices can't move much lower, if at all. Reports of some Midwestern producers storing their output rather than selling at a loss are noted. Production levels are lighter as milk supplies tighten seasonally, but most Eastern cheese makers still have ample milk available to them. Spot demand remains lackluster.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1375 - .1675  
DELVD SOUTHEAST: .1625 - .1800

**DRY WHEY - WEST**

The range price held steady while the mostly showed a slight increase in price. A number of buyers have started to pay above the average to acquire needed supplies, possibly indicating a tighter market situation. An unknown factor remains the possibility of sales into an export tender later this week. Whether this will happen and the impact on the market are open to speculation. Whey production remains seasonally heavy, but most contacts feel that output is now coming off the seasonal peak. Buying interest from domestic accounts is improving as many buyers seem to feel that the market is on the bottom and that now may be the time to acquire some additional supplies. Producer stocks are variable.

NONHYGROSCOPIC: .1250 - .1550 MOSTLY: .1300 - .1450

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower on a weak market. Trade activity is light. Some feed facilities already have adequate supplies of whey and are not seeking additional supplies. Others are opting to purchase Extra Grade whey. While Extra Grade whey trades above the milk replacer market, prices remain attractive to feed users. Supplies of milk replacer are generally in balance with demand. The undertone on veal markets is firm whereas trading on early weaned pigs is steady.

F.O.B. CENTRAL:  
MILK REPLACER: .1150 - .1300

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are lower on a weak market. Demand is improving at the lower prices yet stocks remain heavy at many locations. Excess supplies of 80% WPC continue to displace 34% WPC into some feed applications. Stocks of domestic 80% WPC production from a year ago are reportedly being offered for the light interest. Some firms are resisting prices below 40 cents whereas others are discounting to this level in an effort to decrease supplies. Production is steady. Off grade supplies are readily available at prices that vary with the quality for the very light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .3500 - .4400 MOSTLY: .3900 - .4200

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Some third quarter contracts are finalized reflecting higher prices of at least 1/2 cent compared to the current quarter. Stocks are reportedly in balance at most locations and production is unchanged. Some plants are opting to store product rather than sell spots in an attempt to secure contractual commitments during the third quarter. Demand is predominantly from edible markets. Feed interest is lighter given the more attractive pricing of substitutes such as permeate and whey. Export demand is best from the Asian market. Off grade trade is nominal.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
F.O.B. EDIBLE: .1600 - .2350 MOSTLY: .1700 - .1900

**CASEIN - NATIONAL**

Casein markets are generally steady at unchanged prices, although the market undertone remains firm. Most domestic buyers indicate that they are getting their contracted volumes on a regular basis. Many buyers and suppliers were not surprised at the recent no buyer interest for government owned skim milk powder for casein production. Many feel that the risks of getting involved with domestic production outweigh the dependence on imported volumes and prices.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9500 - 2.1500  
ACID: 1.9500 - 2.0500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are easing in some areas of the country as milk supplies start to fall from peak levels. Some surplus milk continues to be available in the mid-part of the country. Producer stocks are growing. This is typical for this time of year. The market remains highly competitive as producers try to gain or maintain market share.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, MARCH 2003**

In March 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.74 per cwt., \$0.45 less than the figure for the previous month. This month-to-month decrease results from generally lower Federal milk order minimum producer milk component prices and tests. The current mailbox price all area average is the lowest price since this data series began in January 1995. The component tests of producer milk in March 2003 were: butterfat, 3.71%; protein, 3.02%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$13.56 in Florida to \$9.55 in Utah. In March 2002, the Federal milk order all-area average mailbox price was \$12.39, \$1.65 higher.

**Note:** Effective with the report for January 2003, the Iowa reporting area was removed from the Corn Belt States reporting area and is reported separately. The Northern Missouri reporting area was added to the Corn Belt States reporting area. The applicable prices for 2002 reflect these changes.

Reporting Area	Mailbox Milk Price <sup>2/</sup>		
	March 2002	February 2003	March 2003
	Dollars per hundredweight		
Northeast Federal Milk Order	12.48	11.22	10.86
Appalachian States <sup>3/</sup>	12.92	12.12	11.54
Southeast States <sup>4/</sup>	13.21	12.54	11.93
Southern Missouri <sup>5/</sup>	12.19	11.44	10.82
Florida	15.13	13.98	13.56
Ohio	12.42	11.34	10.85
Michigan	12.27	11.06	10.61
Wisconsin	12.45	11.28	10.70
Minnesota	12.22	11.21	10.72
Iowa	12.31	11.24	10.68
Illinois	12.32	11.48	10.78
Corn Belt States <sup>6/</sup>	11.91*	11.11	10.40
Western Texas <sup>7/</sup>	12.39	11.17	10.71
New Mexico	11.45	10.16	9.78
Idaho	11.50	10.17	9.75
Utah	11.30	9.98	9.55
Northwest States <sup>8/</sup>	12.08	10.57	10.33
All Federal Order Areas <sup>9/</sup>	12.39	11.19	10.74
California <sup>10/</sup>	11.46	10.33	NA

\*= Revised.

NA= Not available.

<sup>1/</sup> Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. <sup>2/</sup> Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. <sup>3/</sup> Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. <sup>4/</sup> Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. <sup>5/</sup> The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. <sup>6/</sup> Includes Kansas, Nebraska and the Missouri counties to the north of those listed in <sup>5/</sup>. <sup>7/</sup> All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. <sup>8/</sup> Includes Oregon and Washington. <sup>9/</sup> Weighted average of the information for all selected reporting areas in Federal milk orders. <sup>10/</sup> Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

JUNE MILK SUPPLY AND DEMAND ESTIMATES\*

Dairy forecasts for 2002/03 are little changed from last month. Cheese prices have shown some signs of recovery and Class III prices for 2002/03 are raised from last month. Class III prices are forecast at \$9.75-\$9.95 per cwt. and Class IV prices are unchanged from last month's \$9.90-\$10.20 per cwt. The average all milk price is forecast slightly higher at \$11.25-\$11.45 per cwt. Production and price forecasts for 2003/04 are unchanged from last month.

Item	2001/02 <u>1/</u>	2002/03 Projection <u>1/</u>		2003/04 Projection <u>1/</u>		
		May	June	May	June	
<b>SUPPLY</b>		<b>BILLION POUNDS</b>				
BEGINNING COMMERCIAL STOCKS <u>2/</u>	8.8	11.2	11.2	11.9	11.9	
PRODUCTION	169.2	170.9	170.6	172.6	172.6	
FARM USE	1.2	1.1	1.1	1.0	1.0	
MARKETINGS	168.0	169.8	169.5	171.6	171.6	
IMPORTS <u>2/</u>	5.2	5.1	5.2	5.0	5.0	
TOTAL COMMERCIAL SUPPLY <u>2/</u>	182.0	186.1	186.0	188.5	188.5	
<b>USE</b>						
COMMERCIAL USE <u>2/ 3/</u>	170.4	172.9	172.6	177.3	177.3	
ENDING COMMERCIAL STOCKS <u>2/</u>	11.2	11.9	11.9	9.9	9.9	
CCC NET REMOVALS:						
MILKFAT BASIS <u>4/</u>	0.3	1.4	1.5	1.3	1.3	
SKIM SOLIDS BASIS <u>4/</u>	9.6	9.0	8.8	6.0	5.9	
		<b>DOLLARS PER CWT.</b>				
<b>MILK PRICES <u>5/</u></b>						
CLASS III <u>6/</u>	11.03	9.70-9.90	9.75-9.95	9.70-10.70	9.70-10.70	
CLASS IV <u>6/</u>	11.22	9.90-10.20	9.90-10.20	9.50-10.70	9.50-10.70	
ALL MILK <u>7/</u>	12.74	11.20-11.40	11.25-11.45	11.05-12.05	11.05-12.05	
		<b>MILLION POUNDS</b>				
<b>CCC PRODUCT NET REMOVALS <u>4/</u></b>						
BUTTER	0	35	40	40	40	
CHEESE	9	50	50	35	30	
NONFAT DRY MILK	817	730	715	485	480	
DRY WHOLE MILK	0	0	0	0	0	
		<b>QUARTERLY <u>8/</u></b>			<b>ANNUAL <u>8/</u></b>	
		2003 II	2003 III	2003 IV	2003	2004
<b>MILK PRODUCTION</b>		<b>BILLION POUNDS</b>				
	44.3	41.9	42.0	171.2	172.8	
		<b>DOLLARS PER CWT.</b>				
ALL MILK PRICE <u>5/ 7/</u>	10.90-11.10	10.90-11.40	11.70-12.50	11.20-11.60	11.15-12.15	
CLASS III PRICE <u>5/ 6/</u>	9.55-9.75	9.80-10.30	10.20-11.00	9.75-10.15	9.85-10.85	
CLASS IV PRICE <u>5/ 6/</u>	9.60-9.90	9.75-10.35	9.85-10.85	9.75-10.25	9.55-10.75	

NA= Not Available.

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. Beginning in April 2003, the price forecasts use the new class price formulas. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-399, World Agricultural Outlook Board, USDA, June 11, 2003.

## APRIL FLUID MILK SALES

During April, about 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9 percent lower than April 2002. After adjusting for calendar composition, sales in April 2003 were 0.3 percent higher than April 2002. On an individual product basis, after adjusting for calendar composition, sales of whole milk, flavored whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from April 2002, while sales of fat-free (skim) milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a negative impact on the change in sales from April 2003 compared to April 2002.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/dvfmos/mib/in-areasaales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
APRIL 2003, WITH COMPARISONS <sup>1/</sup>

Product Name	Sales		Change from: <sup>2/</sup>	
	April	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,491	6,097	-1.1	-0.1
Flavored Whole Milk	86	330	4.2	-0.2
Reduced Fat Milk (2%)	1,433	5,855	-0.3	0.7
Low Fat Milk (1%)	528	2,135	-0.5	1.0
Fat-Free Milk (Skim)	654	2,683	-2.7	-1.4
Flavored Fat-Reduced Milk	292	1,196	-1.4	6.0
Buttermilk	46	186	-4.0	-4.8
Total Fluid Milk Products <sup>3/</sup>	4,540	18,518	-0.9	0.5
Total Fluid Milk Products Adjusted <sup>3/ 4/</sup>	4,533	18,534	0.3	0.7

<sup>1/</sup> These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. <sup>2/</sup> Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see <sup>4/</sup>. <sup>3/</sup> Total fluid milk products include the products listed plus miscellaneous products and eggnog. <sup>4/</sup> Sales volumes and percent changes have been adjusted for calendar composition; see [http://www.ams.usda.gov/dvfmos/mib/clndr\\_comp\\_rpt.pdf](http://www.ams.usda.gov/dvfmos/mib/clndr_comp_rpt.pdf)

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, APRIL 2003, WITH COMPARISONS <sup>1/</sup>

Area (Order Number) <sup>2/</sup>	Sales		Change from: <sup>3/</sup>	
	April	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	788	3,226	-2.0	-0.2
Appalachian (005)	278	1,145	-1.1	-0.1
Southeast (007)	401	1,644	-1.4	0.3
Florida (006)	242	992	0.1	1.2
Mideast (033)	519	2,144	-2.1	-0.4
Upper Midwest (030)	360	1,472	-1.7	0.1
Central (032)	390	1,571	-0.1	1.0
Southwest (126)	348	1,407	0.5	0.7
Arizona-Las Vegas (131)	109	440	4.3	3.5
Western (135)	72	294	-2.8	-1.2
Pacific Northwest (124)	181	726	1.2	0.9
California (---)	533	2,162	-0.1	1.9

<sup>1/</sup> These figures are representative of the consumption of total fluid milk products in the respective area; see <sup>3/</sup> above for the products included. <sup>2/</sup> Percent changes, as well as sales volumes, are shown on an unadjusted basis; see <sup>4/</sup> above.

**SOURCE:** Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF JUNE 9 - 13, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 06/06/03	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	11,741,078	-0-	-0-	-0-
Packaged	123,120	-0-	123,120	1,723,680	-0-	-0-	-0-
<b>TOTAL</b>	123,120	-0-	123,120	13,464,758	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	3,840,106	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	5,545,706	-0-	-0-	-0-
Process	1,465,200	-0-	1,465,200	30,531,600	-0-	-0-	-0-
<b>TOTAL</b>	1,465,200	-0-	1,465,200	39,917,412	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	12,680,252	-0-	12,680,252	495,161,558	497,270,449	1,282,803,000	1,070,731,000
Fortified	-0-	-0-	-0-	125,332	-0-	46,391,000	46,391,000
<b>TOTAL</b>	12,680,252	-0-	12,680,252	495,286,890	497,270,449	1,329,194,000	1,117,122,000

**MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)**

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 9 - 13, 2003 =	19.0	162.1	COMPARABLE PERIOD IN 2002 =	4.3	225.4
CUMULATIVE SINCE OCTOBER 1, 2002 =	770.9	6,161.9	CUMULATIVE SAME PERIOD LAST YEAR =	109.4	5,788.2
CUMULATIVE JANUARY 1 - JUNE 13, 2003 =	696.8	4,896.3	COMPARABLE CALENDAR YEAR 2002 =	92.5	4,892.3

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22  
 \*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

**CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 9 - 13, 2003 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	1,465,200	-0-	1,201,987	-0-
WEST	-0-	123,120	-0-	-0-	-0-	-0-	10,113,619	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	1,364,646	-0-

**CCC ADJUSTED PURCHASES SINCE 10/1/02 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL**

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
CENTRAL	-0-	-0-	30,743,172	-0-	19,303,745	25,682,217	37.4	5.2
WEST	13,464,758	-0-	9,174,240	-0-	440,719,342	433,094,308	61.6	87.1
EAST	-0-	-0-	-0-	-0-	35,263,803	38,493,924	1.0	7.7
<b>TOTAL</b>	13,464,758	-0-	39,917,412	-0-	495,286,890	497,270,449	100.0	100.0

**SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002**

**MANUFACTURING MILK** Average Test 3.67% - \$9.90 per cwt.

**BUTTER** Bulk \$1.0500 per pound; 1# Prints \$1.0850  
**CHEESE** 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289  
**NONFAT DRY MILK** Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

**U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/24/03 & Comparable Week 2002**

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2003-Dairy	0.2	0.7	7.1	4.5	18.8	2.4	0.2	0.8	13.1	2.6	50.3	1,178.1	44.7	49.0
2002-Dairy	0.2	0.7	5.7	5.2	18.2	2.0	0.4	0.7	11.7	2.3	47.2	1,028.4	43.4	46.7
2003-All cows	0.2	0.9	9.5	14.9	29.2	17.9	14.6	3.4	16.0	6.1	112.6	2,406.0		
2002-All cows	0.2	0.9	7.8	13.6	27.4	17.1	16.1	3.5	15.5	6.6	108.7	2,200.2		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

**CLASS III MILK PRICES, (3.5% BF)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

**FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81	9.64	9.71	9.74						
II	11.29	10.66	10.54	10.44	10.43							
III	9.78	9.66	9.11	9.41	9.71							
IV	10.07	9.81	9.79	9.73	9.74							

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfmoms/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm)